

DDI-979-73

C O N F I D E N T I A L

5 April 1973

MEMORANDUM OF CONVERSATION WITH SEC REPRESENTATIVES

1. Mr. T. C. Barreaux and Mr. W. L. Timmeny, of Securities and Exchange Commission, came to a meeting at CIA Headquarters on 4 April 1973 with Mr. Lawrence Houston (General Counsel) and [redacted] Chief, FI/DOO).

25X1

2. In response to their exploratory letter to Mr. Paul Walsh and to their statement that they were focusing on the question of foreign connection with organized crime in the United States, Mr. Houston explained CIA willingness to cooperate in a laudable effort but the advisability of their being aware of our method of operation and some concomitant difficulties. He noted the statutory prohibition against police power and internal security functions for CIA and the difficulties involved in any attempt to use our material as evidence in prosecutions. In addition, we have certain problems connected with reporting on American citizens. CIA might provide leads but only rather rarely documentary material.

25X1

3. [redacted] gave them an idea of our methods of operation insofar as they bear on their particular interests. Clandestine intelligence collection operations abroad are keyed to requirements formulated by users. The general intelligence objectives of the U. S. are refined by a USIB panel to determine those appropriate for clandestine collection by CIA. The criteria are that the costly and risky business of espionage is used only if espionage is necessary to obtain the information and if the requirement can justify its inclusion with the other priority items against which limited resources are directed. Understandable preoccupations in the 50s and 60s had been with politico-military matters but increasing emphasis of late has been directed to economic matters, terrorism, and narcotics. Our apparatus is one of foreign agents and there is probably some information dealing with the foreign connections of organized crime which CIA might be able to obtain abroad. A real determinant would be whether the requirements could be made quite specific, because a general exhortation to collect on a subject is not as purposeful as directed search for particular detail.

EX 2 IMPDET
CL BY [redacted]

25X1

C O N F I D E N T I A L

-2-

4. It was decided that, on a trial basis, the SEC representatives would provide some very specific requirements. It was also agreed that during this trial period, Mr. Barreaux would address his inquiries to [REDACTED] who would handle them with the area desks. The SEC visitors expressed appreciation of CIA's cooperative attitude.

25X1

[REDACTED]

25X1

cc: Mr. Walsh
Mr. Colby
Mr. Houston

[REDACTED]

25X1

C O N F I D E N T I A L

ROUTING AND RECORD SHEET

SUBJECT: (Optional)			
FROM:		EXTENSION	NO.
Chief, Foreign Intelligence			DATE 4 April 1973
TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS
	RECEIVED	FORWARDED	
1. Mr. Paul Walsh 7 E 44			COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.) BY HAND
2.			
3.			
4.			
5.			
6. file: General Counsel			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			

Ted Barreaux of SEC called with following message --

"The meeting you arranged between the SEC and Houston went very, very well and we sincerely appreciate everything you did. Will call you later in the week to discuss the possibility of a meeting between G. Bradford Cook, Chairman of the SEC, and Mr. Schlesinger."

tb/10 Apr

MEMORANDUM FOR:

Mr. Latimer

Executive Secretary

73-1830

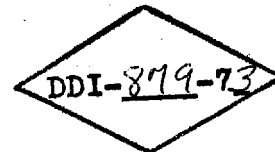
These are the back-up papers on the subject Bradford Cook, Chairman of the SEC, would like to discuss if the Director is willing to meet with him. If the Director is willing, I can work out the arrangements with Ted Barreaux.

Paul V. Walsh
Assistant Deputy Director
for Intelligence

10 April 1973
(DATE)

25X1

28 March 1973



MEMORANDUM FOR: General Counsel

SUBJECT : Securities and Exchange Commission
Request for Intelligence Support

1. Pursuant to discussions with me regarding possible Agency support to the SEC on the question of violations of US securities laws, Ted Barreaux, Deputy Director of SEC's Office of Policy Planning, sent me the attached memorandum setting forth his requirements for support.

25X1 2. In my previous discussions, I told Ted of the many problems associated with getting intelligence too close to law enforcement activities and that even if we were able to provide him some of the types of data he needs, he would find that our restrictions on its use probably would prevent its use for law enforcement purposes. In any event, I did receive a written statement of his requirements. They are not the type that any [redacted] could answer. Before DDO can accept such requirements, I thought it would be useful to have a legal opinion from you as to the propriety of our accepting them and any problems that you might foresee.

3. I have told Mr. Barreaux that his requirements are being studied by other components of the Agency and that I will be back to him shortly to indicate to what extent we can provide support to the SEC.

25X1
[redacted signature]
PAUL V. WALSH
Assistant Deputy Director
for Intelligence
25X1

Attachment

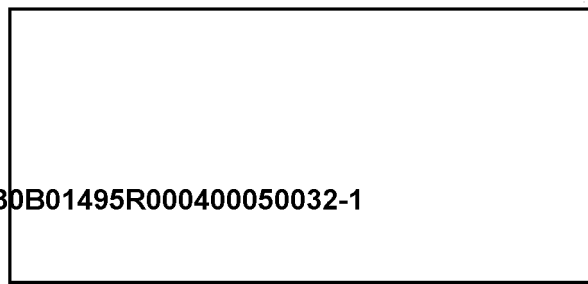
cc: DDO

Distribution:

Orig & 1 - Addressee w/att

Approved For Release 2006/02/01 : CIA-RDP80B01495R000400050032-1

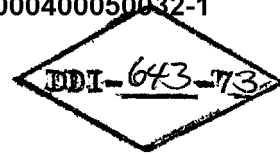
1 - DDO w/att
1 - DDI (File: General Counsel)
1 - DDI Chrono





SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549



Mr. Paul Walsh
Deputy Director of Intelligence
Central Intelligence Agency
Washington, D.C. 20505

Dear Mr. Walsh:

Criminal violations of the securities laws of the United States can have serious international implications for the financial integrity of our securities markets. This is one reason we have sought out the CIA in order to develop lines of communication. A significant part of our activities has to do with the prevention of fraud affecting our public securities markets. To this end, the Commission has given top priority to any securities cases involving persons associated with organized crime. The difficulties inherent in prosecuting securities cases is compounded when elements of organized crime are involved. Witnesses may be reluctant to cooperate because of threats or fear of physical harm, documentary evidence may be destroyed, or transactions may be disguised through the use of nominees, overseas banks, or overseas corporations. In a number of investigations, we have received indications that organized crime has a network of affiliates in some foreign nations. It is in this last respect that we wish to call upon you for assistance.

Intelligence is obviously a very important aspect of our organized crime program. We are in the process of approaching all possible sources of intelligence with respect to organized crime activities. We think the most effective way to get intelligence is to establish a liaison with various agencies and to approach our colleagues on a highly selective basis when the need arises.

We believe it would be beneficial to establish a liaison between the CIA and the SEC for an exchange of information relating to organized crime investigations. We have a need for access to non-public information available in foreign nations. The types of non-public information that we seek with respect to activities in foreign nations are:

Mr. Paul Walsh
Page 2

1. The identity of beneficial owners or persons in control of foreign businesses and financial institutions;
2. The identity of beneficial owners of accounts in foreign financial institutions;
3. Documentary evidence with respect to transactions involving foreign nationals or foreign businesses or financial institutions; and
4. The identity of foreign nationals known to associate with or to do business with members of organized crime in the U.S.

We believe that there could be a two-way flow of information. In our investigations, from time to time, we have come upon information relating to transactions or contacts between U.S. nationals and key officials of foreign governments. We believe that such information could be of value to your agency.

Finally, we do not believe that our requests for information would be so frequent as to require an extensive use of your resources.

Also, as we discussed during our meeting in your office, the SEC is prepared to live with any restrictions you may place on the use of information provided us by your sources and information can be transmitted to us orally or in writing.

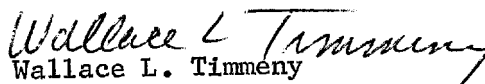
We face a highly organized, experienced and totally unscrupulous adversary. Unless all pertinent agencies can work together, our chances for success will be significantly lessened.

If prior to making any decisions in this matter, yourself, Bill Colby or the Director would like an additional meeting with the SEC staff or our new Chairman Brad Cook, please let us know.

Sincerely,



Theodore C. Barreaux
Deputy Director
Office of Policy Planning



Wallace L. Timmeny
Assistant Director
Division of Enforcement